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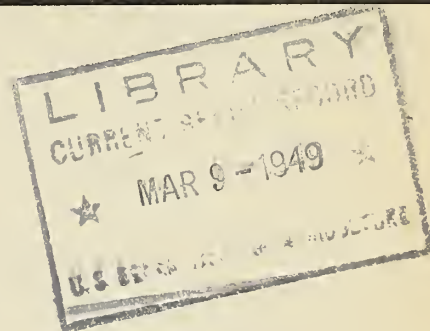
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MARKETING ACTIVITIES



U. S. Department of Agriculture
Production and Marketing Administration
Washington 25, D.C.

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The Nation's expanding market news roundup is proving increasingly valuable in bringing about more intelligent marketing and distribution. Outlined in all its principal channels it is a far-flung service. (An even more complete survey is carried in a circular "Nature and Scope of Dairy and Poultry Service" by the same author and available upon request to the editor.)

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Address all inquiries to
The Editor, Marketing Activities
Production and Marketing Admin.
U. S. Department of Agriculture
Washington 25, D. C.

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Issued monthly. Vol. 11, No. 8

A Short Look At Long Island Ducklings

By Maurice D. Atkin

Duck producers of Suffolk County, N. Y.--which takes in the eastern part of Long Island--are beginning to smile again. Caught a year ago between the jaws of relatively high feed costs and duck prices that averaged about 26 cents a pound, some producers went out of business completely while others were forced to curtail operations. This year feed costs are up, but prices of ducks have risen much more, averaging about 35 cents a pound.

Smiles grow slightly wider as producers think about next year. They have seen reports of heavy 1948 grain crops, which will mean lower feed costs in 1949 than in 1948. At the same time, they have noted the record high retail prices of beef and pork and a 20 percent drop in 1948 turkey production, which should increase demand for the Long Island ducklings.

But the smiles grow only slightly wider, for the average duck producer is a wary fellow who never spends money until he gets it. When he talks about the outlook for his industry, he is likely to say, "Well, the situation looks better for 1949, but lots of things can happen. Duck producers out here on Long Island have learned that they are in an industry that is not, by any means, all that it is quacked up to be."

Duck Factory

Certainly they are in an unusual industry. What is called a "duck farm" on Long Island really is a "duck factory"--a complex but highly efficient plant for converting feed into poultry meat. The duck producer selects his breeding stock; tends the incubators; controls the feeding and health of the young ducklings; and finally--to make the story complete--kills and dresses the birds that go to market. Economists refer to such an operation as being "vertically integrated."

Historical records of this Long Island industry are by no means clear, but shortly after 1870 a New England seaman brought about a dozen ducks to New York from China. These birds were of the White Pekin breed and thrifty farmers soon found in them the qualities necessary for intensive commercial production.

Pekins blend a happy combination of virility and uniformity with a high degree of efficiency in flesh formation. In addition, they are fair layers, practically non-sitters, and their plumage provides top quality down.

Long Island plants make good use of the capability of the Pekin to thrive in relatively small ranges, and on the Island, farms ranging in size from 2 1/2 to 240 acres are grouped snugly along the tide streams.

Since the farmer is interested simply in meat production, he wants only enough area to provide duck ranges and buildings for raising and dressing.

Most of the plants are located within 10 to 20 miles of the town of Eastport, the hub of the industry. Generally the farms are separated only by low fences dividing the sloping banks and the vital water area.

As might be expected in an enterprise of such unique setting there is considerable variation in the value of the land as a farm and as a going "duck factory." A rough rule of thumb used by the producers themselves in normal times is to estimate the value of the farm at a dollar per head per duck raised annually. In 1947 twenty-five producers marketed more than 50,000 ducks per farm, but most of these men would be quick to explain--without that smile--that 1947 was not a "normal year."

Because of keen competition in the industry, individual operators must produce efficiently. The young ducks literally walk from the brooder to the slaughterhouse in their short life span. Ducklings do not need to be taught to eat--or to swim. As they grow they move along from one brooder pen to another with more space and less brooder heat, though in summer months temperature is no problem as long as shade and water are provided.

Feeding and Heating

The feeding and heating problem is simplified by traversing the buildings with a raised platform serving a double purpose. Beneath are hot water pipes which supply brooder-house heat, while other litter-drying radiant heating pipes are embedded in the floor. On top of the platform is the track over which labor- and time-saving feed carriers are propelled. Farmers are finding it more and more convenient and economical to feed in bulk pellet form, buying the supply as it is needed. Thus the feed is actually held by the milling company until just before the greedy ducklings clamor for it in the feeding troughs.

Under usual conditions it takes 4 to 4 1/2 pounds of feed per pound of duck marketed, and this is considered fair efficiency in terms of feed to flesh conversion. Therefore it takes nearly 25 pounds of feed to produce one 5 1/2 pound duckling, and the feed bill is well over half the total cost of production.

Unlike the turkey and chicken industries where feed companies often assist in the financing of the venture, the duck growers receive no assistance from feed handlers except for a few short-term open accounts. If the grower does not have an open account and is unable to pay cash, he generally borrows from a bank or through the local Production Credit Association of the Farm Credit Administration.

The great bulk of the dressed marketings of the Long Island duck growers are sold through the Farmers' Commission House, on Fourteenth Street in New York City. The executive director is a member of a family which has been in the duck business since it was founded on Long Island.

Most of the meat handled by this house is New York dressed, or sim-

ply bled and picked, though the marketing of eviscerated, or drawn and picked poultry is slowly growing in popularity. This process of evisceration and quick freezing is one of the most cheering trends on the marketing scene since heretofore practically all ducks were processed on the individual farms. Now at Eastport, a modern plant handles farm-killed ducks at the rate of 1,000 head per hour. All operations are supervised by an inspector of the U. S. Department of Agriculture. Of the 30 million pounds of Long Island ducklings marketed in 1947, over 6 million were eviscerated and quick frozen. This total for the new method is expected to exceed 8 million in 1948.

Crate Packing and Tank Truck Pickups

Another marketing change which is lessening the loads for handlers and lightening the hearts of producers as well, is the trend toward crate packing. Twelve top-quality ducklings in a neat crate make a more practical and tempting package to small restaurants and stores. Moreover, the compactness and the ease of handling facilitates hard chilling and storage.

In order to avoid the use of the back-breaking barrels entirely, the Eastport plant is experimenting with tank truck pickups. This service will send pre-cooled tank trucks to the farm, pick up the dressed ducks and deliver them to the packing plant for the processing and crating. This will save producers the cost of barrels and extra handling costs.

Marketing is affected in some measure by the age of ducklings at slaughter, which on most farms is accomplished at 9 weeks. Ducklings held for 11 weeks gain little in terms of weight, though the slightly older birds are easier to clean and pin. The average New York dressed weight of the ducks marketed from Long Island in 1947 was 5 to 5 1/2 pounds, while the 1948 duckling is closer to 5 1/2 to 6 pounds. Efforts are being made to develop the breed so that the weight at 9 to 11 weeks will be 6 to 6 1/2 pounds. Breeders are marketed at 14 to 16 months at weights comparable to that of ducklings, since the weight does not increase after the duckling marketing size is attained.

Experimentation in breeding is also directed toward development of ducklings with firmer flesh and with less shrinkage and fat content. The duck industry urgently needs a strain which will be heavier at 9 to 10 weeks with a greater proportion of flesh to waste. The Long Island producer picks his own breeders and sets his eggs for hatching from this select stock for there are no commercial hatcheries on the Island. Whether or not inbreeding has had adverse effects on the line has not been determined, but growers fearful of this will frequently exchange drakes to get new blood lines introduced into their flocks.

Research in all phases of the business is being pushed by the Long Island Duck Farmers Cooperative Association, Inc. Some Association spokesmen think that a centrally located killing, dressing, and grading plant will result in a more uniform product though it will involve investment losses. Research will probably show that unless certain econ-

omies such as centralized dressing are undertaken the industry will suffer, particularly with respect to competition from expanding Midwestern producers.

Far-sighted producers know that much can be gained through publicity whetting the public's appetite for this Long Island delicacy too commonly confined to the finest restaurants and hotels. They feel that the housewife can be furnished recipes and cooking instructions; they know she must be educated away from the idea that the word "duck" is synonymous with the word "fat."

New outlets may be sought for feathers and down, a byproduct so widely used during the war for military purposes that it supplemented income considerably. Currently the feathers are marketed through a co-operative sales agency, and returns amount to approximately 55 cents per pound of feathers, which is about the plumage of five ducklings. By-products of the eviscerating process are sold to a renderer, but it is conceivable that they could be processed at the central plant.

Certainly the Long Island duck farmer must look ahead from 1947! Perhaps he will some time produce ducklings in a manner as different from today's methods as these are from those old days when a few China-hatched Pekins splashed in Long Island streams.

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SCHOOL LUNCH FUNDS ALLOCATED

Allocation of funds to the States and territories for operation of the 1948-49 National School Lunch Program was announced recently by USDA.

A total of \$48,800,000 of the \$75,000,000 appropriated by Congress for this year's program has been apportioned to all the States, the District of Columbia, the Territories of Hawaii, Puerto Rico, the Virgin Islands, and Alaska. The portion remaining in the appropriation, aside from funds needed for administrative purposes, is available to USDA for the purchase and distribution of specific foods to schools participating.

Funds are allocated on the basis of a formula which takes into account the number of children of school age and the per capita income of each State. The Federal expenditures are matched by funds from sources within the States and are used to finance in part local purchase of food for the schools sharing in the program.

The National School Lunch Program seeks to improve the dietary and nutritional standards of the Nation's school children through the serving of balanced noon-hour meals in schools, and to provide an enlarged market for farm products. Current estimates indicate that about one quarter of the nation's 27 million children in elementary and high schools will benefit from the program while an additional million will be aided by foods acquired and distributed by the Department of Agriculture under other surplus food programs.

Poultry And Egg Losses In Marketing Channels

By Melvin W. Buster

It is widely recognized that substantial loss and waste of product occurs in marketing egg and poultry products. Improper preparation, quality deterioration, improper handling, and misuse of byproducts are primarily responsible for this situation. The need for conservation of the products is obvious. As animal protein foods they naturally reflect high production costs and high nutritive values. The extent to which their distributing cost must bear charges for loss and waste places them at a competitive disadvantage with other foods. Under these circumstances both producer and consumer are penalized.

The total losses resulting from distribution of the product cannot be actually measured since some result in actual destruction and spoilage of the product while others reflect quality deterioration only. All contribute to a higher cost of distribution and become an element of cost which can be substantially reduced.

Many of the losses begin on farms even though the damage is not detected until after products are in market channels. Obviously, marketing agencies cannot deliver better quality products than they receive from producers, regardless of how conscientious these agencies may be in supplying consumer desires or demands.

Research in Progress

However, it is generally recognized that they can do much more than they are now doing in handling poultry and egg products to conserve quality and contribute to greater consumer satisfaction. Intensive research, especially under the Federal Research and Marketing Act, is now under way to determine the exact nature of loss so that a clear picture can be obtained and corrective measures implemented.

The physical damage done to eggs in transport can be greatly reduced through improved packaging and handling methods. More intensive research under the Research and Marketing Act is directed toward finding the exact origins and causes of such losses. A national committee, in cooperation with the Poultry Branch, is active in analyzing materials used in the construction of egg containers as well as in their dimensions. Its objective is to devise improved uniform specifications that will afford greater protection to eggs in transportation.

Breeders and hatcherymen can improve shell texture and regulate size so as to reduce the proportion of both extremes. A more uniform egg size, and especially a reduction in the proportion of very large eggs, would simplify the problem of packaging and expense, as well as reduce egg breakage and loss. A national committee is also at work on

this problem. The incidence of blood spots in eggs can also be reduced by breeder selection.

Modernized equipment and more thorough methods of sanitation will reduce bacterial contamination and loss in shell, liquid, and dried eggs. Treating shells with oil as a guard against bacteria, and thermo-stabilization or egg pasteurization are also methods by which deterioration can be checked.

It is customary to think of the quality deterioration problem as one which is related primarily to smaller flocks. It is logical to assume that the highest percentage of loss occurs in eggs produced by less commercialized producers, especially in the Middle Western and Southern States. In this connection the 1944 census data show that 49.6 percent of all farms with chickens had flocks of less than 50 birds. These producers accounted for only 13.8 percent of the chicken population and only 12.1 percent of the eggs laid that year. Production from these flocks is proportionately lower in the summer months when the greatest quality loss occurs.

Egg Losses Vary Considerably

On the other hand, 10.7 percent of the farms had 200 or more birds with 45.5 percent of the total chicken population. In any case, egg losses in any area, despite flock size influences, vary considerably according to the market programs and facilities utilized, and the type and effectiveness of the grading and educational programs. Buying and selling on quality grades can bring uniformity and be instrumental in gaining general quality improvement.

It is difficult to determine accurately the extent of quality depreciation for the reason that not all eggs are sold on a basis of careful grading and identification. Accordingly prices are not always reduced in proportion with actual reductions in quality. Also the better quality eggs are often mixed with low quality eggs and are frequently under-priced in relation to value and consumer acceptability. It is probable that many markets do reflect relatively low average quality of eggs, especially where the grading system is not understood or respected by consumers. In other words, the prices which consumers are willing to pay may be governed to a considerable extent by the average, or even the poorest quality available. This situation affects the total per capita consumption of eggs as well as the average price per dozen received by producers. This problem could be corrected to a considerable extent by the general use of a uniform grading and labeling program correlated with trade-mark identification.

Time, temperature, and humidity are the principal factors responsible for quality losses in eggs. All these hazards may be lessened by shortening the marketing process, by improving the equipment and facilities, and by fully utilizing refrigeration, particularly in retail stores.

Bacterial contamination and foreign material in the form of rots,

molds, and blood spots also contribute substantially to wastes in egg marketing. Incomplete and inefficient grading and labeling takes its toll principally through inadequate returns for quality products. Physical damage may come at any point in the marketing channel. Losses of an indeterminate quantity are caused by failure to salvage byproducts such as egg shells, hatchery infertile and "dead germ" eggs.

In addition to bruises, broken bones, and deaths, attention should be given to handling costs on poor quality poultry which cannot be recovered. This latter loss is more likely to occur when poultry is bought "by the head" or "flock run" rather than by grade.

Shrinkage losses occur in live poultry in transportation and in dressed and drawn poultry in storage. Shrinkage in live poultry varies inversely with the size and maturity of the birds, and is approximately 50 percent greater in warm weather than in cold weather. Frequently, considerable variation occurs in different lots of birds. Shrinkage varies with time and amounts of feeding and watering as related to weighing time. An average shrinkage for live turkeys in transportation and plant holding prior to feeding and watering, is about 0.35 percent per hour. Broilers and fryers under similar conditions shrink at the rate of about 0.5 and 0.6 percent per hour.

A large part of the losses occurring in marketing eggs and poultry can be prevented. The cost of preventing all the losses would be prohibitive, but tremendous economic savings or increased returns to producers can be accomplished. Effective measures which can be utilized in reducing losses are improvements in breeding and management, handling care, equipment, transportation, refrigeration, and packaging. Further results can be obtained through research, initiative, and greater skill in applying present knowledge as well as through securing practical and uniform legislation. Finally, losses will be minimized through uniform development and application of grading standards, and better education and coordination in marketing improvement programs.

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USDA PURCHASES HONEY FOR SCHOOL LUNCH PROGRAM

USDA recently announced the purchase of 5,700,000 pounds of table grade honey from the 1947 production. The entire amount is to be used in School Lunch and institutional programs.

Purchase prices ranged from 12 to 15 cents a pound, with an average of 14.43 cents a pound, for processed and packed honey, f.o.b. shipping point. Area of purchase was largely in States west of the Mississippi River, with some purchased in eastern and southern States.

The action was taken in line with the program announced early in June by the Department.

August 1948

Scenes At New Jackson Central Market



No, these are not new aircraft designs or shots from Tokyo. These structures are farmers' display sheds at the new Farmers' Central Market at Jackson, Mississippi.



If you ever lugged even 10 of these 100 pound potato sacks up a stairs you'll appreciate this lift truck that takes 24 at a crack in its Jackson debut.

Plenty of elbow room never hurt an unloading platform. Central Market has been designed for the quickest and easiest handling of produce. Farmers and truckers are pleased with the individual truck-level stalls which may be rented on a full or part time basis.



New Mississippi Market Offers Latest Facilities

By William H. Elliott

Mississippi farmers have welcomed the July dedication of the Farmers' Central Market at Jackson. The new million dollar general produce center is one of the first to be built since the war. According to Si Corley, State Agricultural Commissioner, the market will not only serve as a source of supply for the greater Jackson area, but also as an outlet for products grown throughout the State.

Traditionally, Mississippi agriculture has been geared to production of cotton although for many years agricultural leaders have called for more diversified production. Research had shown that commodities other than cotton could be produced efficiently in the State. Everyone knew, however, that a broader production plan could not be carried on without adequate marketing facilities.

Facility Needs Studied

At the request of Mississippi officials, the Marketing Facilities Branch of PMA studied the State's market needs and recommended the facilities necessary for the proper handling of such products as fruits, vegetables, poultry, and eggs. Equipment needs essential to the assembling, grading, packaging, processing, displaying, selling, and shipping were outlined. The Branch made the survey in cooperation with the Mississippi State Agricultural College, and continued to work closely with local marketing officials after the recommendations had been submitted.

Legislation empowering a marketing board to build and lease the plant was prepared by interested groups and passed with a single dissenting vote in the 1946 State Legislature. Members of the Board include the Commissioner of Agriculture and representatives of the wholesale produce trade, retail grocers, fruit and vegetables growers and poultry and egg producers.

One of the first questions confronting the market board was whether to establish several markets at different production areas in the State or to build first at Jackson. The second choice was made because of Jackson's central location in the State and its proximity to the largest commercial vegetable producing area. It was further considered that the smaller centers did not offer an outlet comparable to Jackson's 100,000 population. A survey covering local dealers indicated that retailers purchased 60 percent of their produce from out-of-town wholesalers and commercial truckers or directly from producers.

Jackson's marketing system had not been well-defined or coordinated and no attempt had been made to get buyers and sellers together in order to provide a price-setting mechanism. The city had no area designated

for trading and no facilities whatever had been provided for farmers or truckers. Individuals who wished to sell in Jackson had to deliver either to the various retailers or wholesalers or to park in the street with neither protection nor display facilities.

The new marketing plant is functioning now as a wholesale center for fruits and vegetables. Bids are being taken for poultry and egg stores and ultimately space will likely be available for produce such as cheese, butter, and meats. All the individual stores have direct rail connections, and refrigeration equipment is to be installed. Sheds with platforms at truckbed levels have been provided for farmers and truckers to display and sell their produce. The Marketing Facilities Branch, under provisions of the Research and Marketing Act of 1946, is continuing research to determine the most suitable equipment for minimizing labor and handling costs in the wholesale stores.

Fifty private farmers' stalls have been erected which may be rented on a full or part time basis. Sales sheds for farmers and truckers have been designed for maximum efficiency and handling ease. A poultry processing plant now being constructed is under 5-year lease to a large packing house. Eventually, the 23 acre project may also include a canning factory and a public refrigerated warehouse. In addition, service stations and supply centers for truckers and farmers will be provided, while barber shops, restaurants, and concessions will add to the independence of the enterprise.

Policy Centered in Board

Though policy and control will be under the constant direction of the Board, individuals will carry on their own businesses while using the market's facilities. Revenue will be derived from rents and fees on stores, stalls, space in the packing sheds, and from concessions. When the canning, processing, and refrigeration plants are completed it is expected that they will add their revenue to the income.

The enterprise was financed by the State Government which became interested in the project before the market board was established. In 1946 the legislature appropriated \$550,000 for initial costs and in 1948 it raised an additional \$375,000 to avoid the necessity of selling bonds. The legislature also made available the State-owned site.

The all-around cooperation responsible for the development will not lag now that the market is in operation. Starting October 1 an arrangement between the State and U. S. Department of Agriculture will provide news service covering supplies and prices on fruits, vegetables, poultry, and eggs. A Federal-State inspector will be stationed at Jackson with an office in the market administration building. The Mississippi State College Extension Service, under a project of the Research and Marketing Act, will have two marketing specialists on the spot to help solve grading, packing, and loading problems in connection with marketing produce. These specialists will also work with farmers directly in an effort to make the best use of the new market facilities at Jackson.

Dairy And Poultry Market News Service

By Leon M. Davis

Federal market news reports on dairy and poultry products were first issued in 1918 during World War I. Offices were established at New York, Chicago, Philadelphia, Boston, San Francisco, Portland, and Fond du Lac, Wis. All of these except Fond du Lac were terminal markets which were important centers where considerable volumes of wholesale trading took place, and which were significant from a national standpoint, not only because of this, but also because they were outlets for dairy and poultry products from all sections of the country. The reason for establishing the service at Fond du Lac was that Wisconsin was then producing about 70 percent of the cheese manufactured in the United States, and information from such an important producing area appeared desirable to supplement the terminal market information available on cheese. Terminal market news offices were opened in Seattle in 1929 and Los Angeles in 1931. It was necessary in 1939 to discontinue the Wisconsin service, the headquarters for which, in the meantime, had been moved to Plymouth, Wis., and to transfer to the Chicago office that part of the work which it was practical to continue.

An arrangement, beginning with the year indicated, was entered into with the Fruit and Vegetable Market News Service to make available a limited amount of dairy and poultry market information in the following markets: Baltimore (1924), Pittsburgh (1934), Denver (1939), Fort Worth (1944), and New Orleans (1945). A Houston, Tex., office established in July 1941 was closed in May 1943.

Expanded After War

No further major expansion occurred until 1946, when specific appropriations provided for dairy and poultry market news offices being set up at Detroit, Cincinnati, and Atlanta, and for a market news service on broilers covering the principal producing areas. Only through cooperative agreements with States could the desired service on broilers be provided. Accordingly, agreements were immediately entered into with Arkansas, Delaware, Maryland, and Virginia, and later with North Carolina. The producing area of north Georgia was handled through the newly established Atlanta office. Another expansion of importance took place in 1947, when again specific appropriations were provided--this time for the service at Cleveland, St. Louis, and in the State of Wisconsin.

In addition to points already mentioned, cooperative agreements with the State departments of agriculture of Iowa and Alabama provide for the issuance of Federal-State reports in these States. Such reports are largely limited to local information. Federal or Federal-State reports are now issued at 28 cities in 23 states and the District of Columbia.

Far Flung Organization
Collects Timely Information

The nature and scope of the service at an individual office depend upon the significance of the local market in the national picture, commodities which are of major importance, and the personnel and facilities available. The service has been developed most fully in markets that have Nation-wide significance, because current market information originating at these points is in demand the country over. It is important, however, for local producers and handlers, to have information regarding market conditions and prices applicable to their immediate outlets. As a result there has been an increasing interest and demand for such information during recent years. This is owing in part to the marked changes that have been brought about by direct buying, motortruck transportation, and other developments, which have caused shifts in sources of supply and outlets.

For the reasons mentioned, local market reports on dairy and poultry products vary as to types of information they contain. On the whole, however, they include market prices and comments, primary and terminal market receipts, dealers' floor stocks, cold-storage stocks, retail movements, and miscellaneous information such as production reports, feed-egg ratios, and announcements regarding Government buying programs, and purchases. In addition to information relating to the local market, reports usually carry pertinent information from other markets that is of local importance and interest.

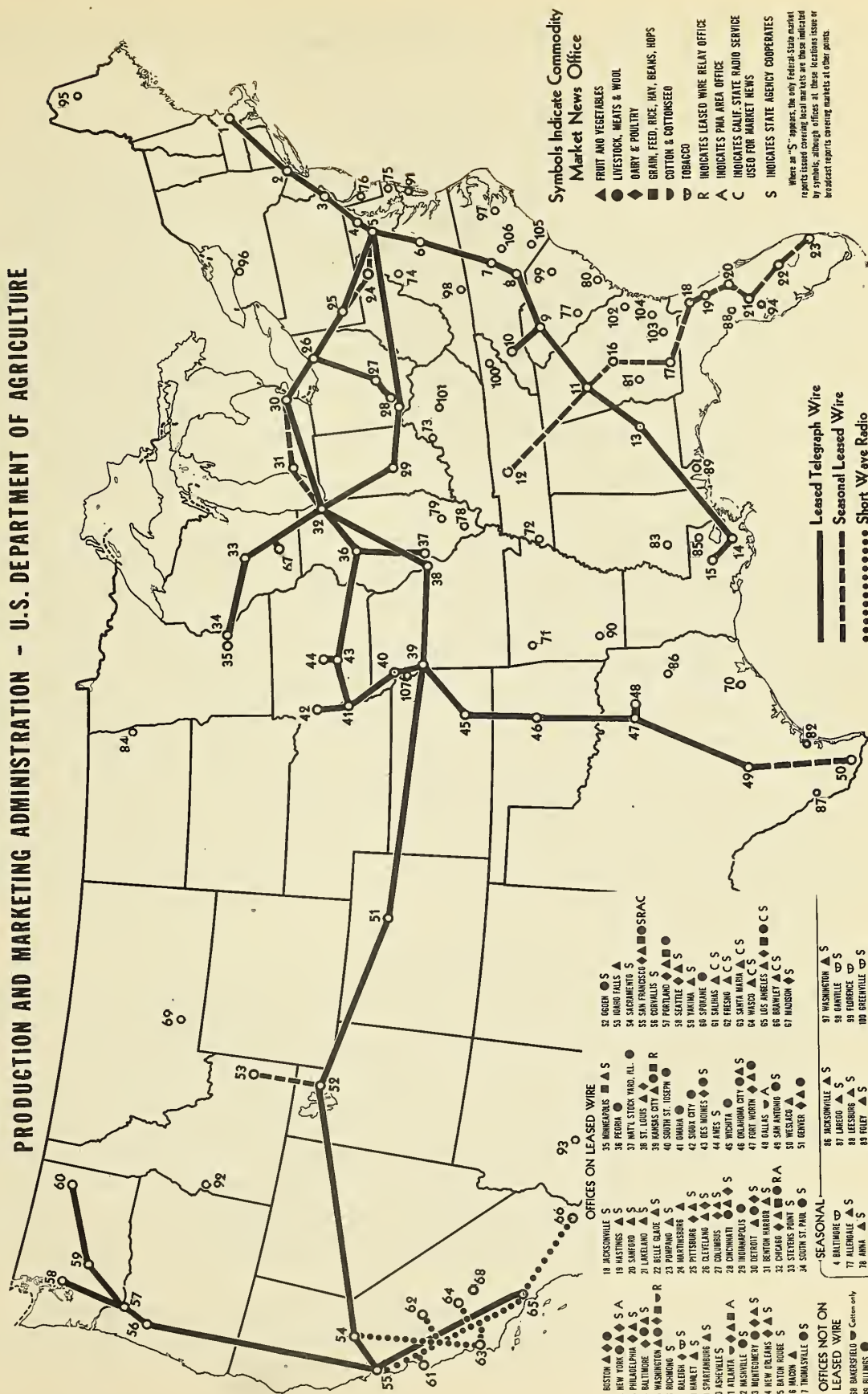
Local Reporters Backbone of Service

A market reporter in each market is responsible for collecting and compiling information obtained from local buyers and sellers, transportation agencies, cold-storage warehouses, and other sources. The work of these local market reporters is the backbone of the service. They maintain the contacts with sources of original information and put it in shape for public release. Some of the statistical information is obtained by telephone or from mailed reports, but information on prices for the most part, is obtained by personal interviews. All information assembled by market reporters is furnished voluntarily, with the understanding that the source and individual details will be regarded as confidential, and used only in preparing summarized statements for the market as a whole.

Market information originating in the various field offices and in the Washington office of the Market News Division is made available to the public through mailed reports, by telephone, telegraph, radio, and the press. An extensive leased wire system, operated for the benefit of all the Department's commodity market news services and which now includes approximately 9,500 miles of wire, provides quick intermarket communication by teletype. Communication with those offices not so located as to have the advantage of this exclusive wire service, is handled through the use of commercial teletype service (TWX). The map shows the extent of the leased wire system.

MARKET NEWS OFFICES AND LEASED WIRE SYSTEM

PRODUCTION AND MARKETING ADMINISTRATION - U.S. DEPARTMENT OF AGRICULTURE



Dairy and poultry market reports are issued in mimeographed form and are available upon request to Washington or to one of the various field offices from which information is desired.

Price Information

Of foremost importance in using price information for a given market is an understanding as to what types of transactions are represented, that is, whether prices are local f.o.b. prices paid shippers, wholesale selling prices of large lots, jobbing prices on small lots to retailers, hotels, and restaurants, or retail prices to consumers. The most common type of price information published in the past has related to wholesale prices. Due to changes in marketing practices and methods, however, the reporting of wholesale prices is becoming increasingly difficult, and other types of price information are being made available to numerous markets, principally buying prices f.o.b. market. A uniform type of price information for all markets cannot well be provided, because the nature of trading varies, and because markets differ in size. Prices reported by the Market News Service thus conform to local situations.

Wholesale prices reported for butter, cheese, eggs, live and dressed poultry, are intended to reflect local prevailing values of goods of different grades and classes sold in volume in the open market by receivers. This type of transaction involves sales in quantity for cash or short time credit, to jobbers, chain stores, and other buyers. Wholesale prices reported are those established by market reporters of the Market News Division who personally interview buyers and sellers, and obtain information from them regarding quantities sold or bought, grades, and prices. Sales which are made at prices bearing previously agreed relationships to a market quotation, are not "open market sales," and are not taken into consideration in establishing such quotations. Open market wholesale prices, as reported, apply to sales of products which were not previously contracted for, and which are available to any and all buyers, selling prices being agreed upon at time of sales, and not before.

Voluntary Basis

Although information given by dealers is furnished on a voluntary basis, market reporters have some check on the accuracy of price information given them through canvassing buyers as well as sellers, and the maintenance of a wide coverage of the market. The reporting of wholesale prices of dairy and poultry products has been made increasingly difficult during recent years by the tendency of market dealers to buy and sell on a so-called contract basis, whereby the shipper is guaranteed a price based on some quoted price, and the selling in the market proper is also based upon a quoted price. As such practices have increased, the volume of goods sold on the open market has decreased, resulting in diminishing quantities upon which to establish quotations.

Jobbing prices are intended to reflect local prevailing values of goods sold by jobbers who supply stores, restaurants, and small establishments. These prices include smaller lots of bulk or packaged goods

that are included in wholesale transactions, and usually involve special brands or packs, and delivery service. For these reasons, jobbing prices often carry wider ranges than wholesale prices. As a convenience, many jobbers use a wholesale market price as the basis for billing goods, with the result that jobbing prices bear more or less a direct relationship to wholesale prices. The margin between the two types of prices includes jobbers' costs, plus profit.

Prices paid shippers, f.o.b. terminal markets, are prices paid by receivers to producers, haulers, and hucksters, who deliver products f.o.b. the terminal market. In many cases, door deliveries are made by truck. In several of the States where there are cooperative agreements, prices paid at country assembling points, or at the farm, are being reported. F.o.b. prices are not to be confused with wholesale prices. The former are receivers' buying prices, the latter their selling prices.

Selling prices f.o.b. assembly points are those received by assemblers for products loaded for shipment.

Prices paid f.o.b. farm or f.o.b. local markets are those received by producers.

Prices of "futures" published in Market News Service reports are those established by trading on the Chicago and New York Mercantile Exchanges. These reports also contain information regarding selling prices, bids, and offers on the Wisconsin Cheese Exchange, of Plymouth, Wis., which meets each Friday. The Market News Service takes no part in the establishment of Exchange prices. They are carried in market reports merely as a matter of information.

Coverage Must Be Complete

The purpose of the market news service is to provide unbiased information for the benefit of all interests. This means that the coverage in reporting a market must be as complete as practicable. The policy in reporting prices is to include prices for all classes and grades entering into current trading, insofar as this is possible with personnel available, in order that published prices will reflect actual trading conditions. Wholesale selling prices, jobbing prices, or receivers' f.o.b. buying prices are reported on individual products, depending on which level of trading affords the best local coverage and serves the most useful purpose. Market reporters are instructed to maintain broad coverage, and not to disregard prices that represent bona fide transactions. If and when dealers are known to have paid more or less, or to have sold for more or less, than previously reported prices, these changes are recognized. Market reporters use discretion if prices on individual lots appear to be out-of-line and determine whether such prices result from the products being off grade, the quantities unreasonably small, or the packaging unsound.

Price ranges are reported when goods of a given grade or class sell at more than one price. A policy of adequate coverage fully justifies such procedure. The reporting of price ranges when applicable gives a

complete picture of the current market situation, it avoids criticism of published prices as not being complete or accurate, and avoids "making the market," that is, reporting a price to be used solely for the purpose of providing a settlement basis between buyer and seller.

Occasionally shippers receive prices f.o.b. market that are higher than any published wholesale price. Such a situation can prevail if the particular goods in question bypass the wholesale market and are sold direct to such outlets as jobbers or retail distributors.

Prices reported by the Department in certain markets have at times differed from those published by commercial reporting agencies. This usually results from the fact that frequently there is a mutual understanding between a shipper and a receiver, whereby an agreed commercial quotation is used as a basis for settlement, the shipper being guaranteed this "base" quotation net, or in some cases a premium over it. If this shipper's product is to be sold at a profit in wholesale trading channels, the selling price must exceed the cost. It follows then that if there is broad and adequate coverage in reporting the wholesale market proper, published wholesale prices as reported by the Market News Service will frequently be higher than the "base" quotation used.

In addition to the reporting of prices, most market news offices assemble various types of current market statistics. These include terminal and primary market receipts, carlot shipments, storage stocks, current trading stocks, and retail movements.

Terminal Market Receipts

Terminal market receipts are indications of supplies arriving currently at designated points. When the data includes the origin of receipts it serves the purpose of indicating the sources of supply for given markets, and shifts in sources of supply which occur from time to time. Terminal market receipts include arrivals by rail, boat, and truck.

Primary market receipts include deliveries to points in the country where products are assembled for grading, packaging or other preparation for shipment. Assembly plants at primary markets may be operated by independent buyers, carlot shippers, packers, cooperative associations or other types of marketing firms or agencies.

Carlot Shipment Reports

Reports of carlot shipments of butter and eggs are compiled in the San Francisco office from information obtained direct from rail carriers. As in the case of market receipts, these reports are also prepared from waybills. In the case of egg movements eastward, they show shipping points in the States covered (California, Oregon, Washington, Utah, and Idaho), and primary destinations, that is, points to which cars were destined at time of original billings. Western movements of butter and eggs include all States of origin. Carlot shipments reports are not set up to take into account diversions which may occur after original shipments start moving.

Stock Supplies

Changes in total supplies of dairy and poultry products occur due to variations in production, consumption, and imports and exports. Changes in local supplies at terminal markets are due also to variations in local market receipts, out-of-market shipments, and local consumption. Some measure of changes in local supplies and of the nature of trade movements is available through data compiled showing movements into and out of storage, dealers' current trading stocks, and (at Chicago) cars on team tracks. In the case of either total of local supplies, information relating to stocks, including those in cold storage and those on trading floors, is of major importance.

Cold-storage stocks of butter, cheese, shell and frozen eggs, and frozen poultry are compiled from voluntary reports obtained regularly by telephone or telegraph from cold-storage warehouse operators. All daily and most weekly storage reports are compiled by local field offices of the Market News Service. Information from storages reporting weekly from points where field offices are not maintained is obtained by commercial telegraph.

Cities for which reports of cold-storage movements are compiled daily are: New York, Chicago, Philadelphia, Boston, San Francisco, Providence, Buffalo, Pittsburgh, St. Louis, Kansas City, and Omaha. Figures are released separately for the five cities first named, and as a six-market total for the remaining cities. All daily cold-storage figures are compiled in field offices, and figures which are available for release are transmitted via leased wires. In instances where figures for individual markets are not released separately, it is owing to the fact that certain of the local cooperating storages have not approved such action, because the number of storages is so small that a release for the market might reveal operations of individual firms.

Up-to-date Reports

Weekly reports of cold-storage stocks are released at Washington each Monday for a group of 35 cities. These weekly figures show stocks on hand as of the previous Saturday morning. Weekly storage reports are timely, and since they cover cities that carry approximately three-fourths of the total dairy and poultry products in all storages in the country, they afford a basis for making estimates of total U. S. stocks considerably in advance of the monthly report, which contains such information.

Monthly cold-storage stocks are released about the fifteenth of each month, and show total U. S. stocks. These figures are compiled in Washington from information furnished by individual warehouses.

All storage stocks are reported in terms of net pounds, except eggs which are in terms of 30 dozen cases. Goods held in bond, if any, are included in storage reports.

Current trading stocks (that is, stocks on dealers' floors) of but-

ter and eggs are compiled and released at New York City, Chicago, Philadelphia, and Boston. At Chicago, the report includes butter and eggs in cars on private sidings, but does not include quantities in cars on public team tracks. The latter are published separately. The purpose of compiling information regarding current trading stocks is to provide some indication of tendencies for butter and eggs to move freely or to accumulate on dealers' floors.

Data are furnished by selected wholesalers, jobbers, and chain-store companies in the respective markets. These groups include the larger receivers and distributors located in different areas of the market. The obtaining of data such as current trading stocks from every dealer in a market is impractical.

Only at Chicago are stocks of butter and eggs on team tracks reported. This information is compiled by the railroads from waybills, and the summarized report shows the number of cars of butter and eggs on public team tracks (track on which cars are placed for use of the public in loading and unloading). Cars on private sidings (side track owned or leased by an individual or firm) are not included in the team-track report. Cars which have been carried on team tracks in excess of 1 day are classed as "old cars," and cars on tracks for 24 hours or less are classed as "new cars." Cars on track are included in local receipts. On account of the central location of Chicago, some cars move there which later may be shipped or diverted, but so long as these cars are on team tracks, they represent a part of the potential local supply.

Miscellaneous Statistics

Trade output is a calculation designed to show the apparent movement of goods through designated trade channels* during a given period. For a single market or a group of markets, trade output cannot safely be regarded as representing actual consumption, because a considerable amount of inter-market shipping is constantly taking place, whereby dealers in local markets are shipping products to other markets, or to nearby suburban cities and towns.

Trade output for a given period, such as a day, a week or a month, is merely a combination of market receipts during the period covered, with the increases or decreases in stocks. When stocks are showing decreases, during the period under consideration, the amount of such decreases added to current market receipts constitutes trade output. Similarly when stocks are showing increases, such increases are deducted from market receipts to obtain trade output. Calculations made in this way for different periods serve as some measure of so-called trade disappearance. In the case of manufactured products for which estimates of total current production are available, it is possible to calculate trade output for the entire country by combining production with increases or decreases in total U. S. stocks of such products, and with net imports and exports. It should be noted that trade output or trade disappearance is not necessarily ultimate consumption.

Retail movements of butter and eggs are compiled weekly at Chicago, San Francisco, and Los Angeles. These are not reports of retail sales,

but of movements into retail stores, with the assumption that this reflects the movement out of retail stores and into the hands of consumers.

Types of dealers from which such information is obtained are chain-store organizations, milk distributors, and wholesale butter and egg distributors (in their jobbing capacity). Several large chain-store groups with strictly centralized buying, together with some super-store organizations with a smaller number of units are included. Cooperative buying organizations (voluntary chains) are not included, since individual member stores of these organizations are usually privileged to make their purchases through other sources than the central unit, and reports from such a type of organization would thus not be comparable over a period of time. The milk distributor group is a source of information, because butter and eggs are distributed directly to consumers on retail milk routes. Certain firms in the wholesale distributor group are used as a source of information with respect to sales to independent retail stores, and to institutions, hospitals, hotels, and restaurants. The weekly releases show not only the total pounds of butter or cases of eggs distributed for all groups, but a detailed breakdown for each group, including members of stores and milk routes, and averages per store of route.

Statistical Comparisons and Averages

The weekly butter and cheese production reports compiled by the Bureau of Agricultural Economics and carried in current market reports are estimates of percentage changes from previous comparable periods, made on the basis of information received weekly from representative creameries and cheese factories throughout the United States. In addition to this, the weekly butter production report compiled by the American Butter Institute of Chicago is also published. This report covers creameries of the centralizer type, and is not confined to any particular geographic area.

A Chicago feed-egg ratio is published each week, based on Chicago prices. A feed-egg ratio figure such as 5.3 means that calculated at current prices of a given grade of eggs and given poultry ration, 5.3 dozens of eggs are equivalent to 100 pounds of feed. The feed-egg ratio will vary with changes in egg and feed prices, and at different seasons of the year. Egg production may be regarded as most favorable when the feed-egg ratios are lowest, and the least favorable when highest. It is common practice in the dairy and poultry trades to make comparisons between periods. In the case of annual, monthly, and first-of-the-month comparisons, it is a simple matter to show exact corresponding periods, Calendar weeks, however, include different dates each year, for which reason date-to-date comparisons are frequently impractical.

Averages which appear in dairy and poultry market reports are simple averages only (unless otherwise indicated), that is, they are not weighted according to volume or season. Thus, the average price of a given grade of butter during a given month is the sum of the daily prices divided by the number of days for which prices were published. When 5-year average comparisons are shown, these cover the preceding 5 years.

TAYLOR NAMED DIRECTOR FOR PMA
PRICE SUPPORT AND FOREIGN SUPPLY BRANCH

Leon B. Taylor has been named Director of the Price Support and Foreign Supply Branch of PMA to succeed Frederick B. Northrup who resigned to become Secretary-General of the International Food Committee of the Food and Agricultural Organization.

Mr. Taylor, who has been assistant director of the Branch, assumes his new duties immediately. F. Marion Rhodes will serve as assistant director.

Born in Kansas and raised on a farm in Twin Falls County, Idaho, Mr. Taylor is a graduate in agriculture of the University of Idaho. He first entered public service as a field agricultural instructor with the Veterans Bureau after World War I. Joining the staff of the cooperative agricultural extension service in Idaho in 1925, Taylor spent the next 13 years, successively, as a club agent, county agricultural agent, and livestock and poultry specialist. From 1939 to 1941, he directed the Idaho sugar program for the Agricultural Adjustment Administration, before serving as a member of the State AAA committee in Idaho during the years 1941-42.

In 1942, Mr. Taylor came to Washington with the program division of the AAA Western Division, later heading the special services division of this agency. Appointed Chief of the Farm Machinery and Supplies Branch of the War Food Administration, Mr. Taylor later held the same position with PMA after its organization in 1945. He was named assistant director of PMA Price Support and Foreign Supply Branch in 1947 and it is this position he now leaves to become Director of the Branch.

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CCC DIRECTORS ELECT
HILL ASSISTANT MANAGER

Appointment of Harold K. Hill as Assistant Manager of the Commodity Credit Corporation has been made by the Board of Directors of CCC, Ralph S. Trigg, President of the Corporation and Administrator of the Production and Marketing Administration, announced recently.

In his 14-year association with the Department of Agriculture, Mr. Hill has served principally in field work on production and marketing programs. In 1945, he became special assistant to the Director of the Field Service Branch, PMA, and later became an area director for the Federal Crop Insurance Corporation. More recently, Mr. Hill has been a field representative of the PMA Grain Branch in connection with the Commodity loans, purchase loans, and other price-support programs.

Mr. Hill was born in Wisconsin in 1898, was educated in schools in that State, and for 14 years operated his own dairy and livestock farm at Prairie Du Sac.

MARKETING BRIEFS:

Cotton.--USDA has announced details of the loan program for upland cotton produced in 1948. The average loan weight for 7/8 inch Middling cotton, gross weight, will be 28.79 cents per pound, which is 92 1/2 percent of parity as of August 1, 1948. The parity price on that date was 31.12 cents per pound. The average loan rate for the same grade a year ago was 26.49 cents per pound. This year's average for 15/16 inch Middling cotton will be 195 points (1.95 cents) per pound above the average rate for 7/8 inch Middling cotton or 30.74 cents per pound, gross weight....USDA announces continuation, at a lower incentive rate, of its program to encourage the use of low-grade, short-staple cotton in the manufacture of insulation used in homes and other structures. Manufacturers who hold approved applications will receive 4 1/4 cents per pound, gross weight, on cotton used in compliance with program provisions through June 30, 1949.

Dairy Products.--USDA recommended on July 27 adoption of a plan of seasonal payments to milk producers in the Nashville area. Deductions of 45 cents per 100 pounds of milk delivered during each of the months of April through June will be totaled and distributed among producers during the short-supply months of September through November....During July, USDA proposed floor prices for class I (fluid) milk in the Philadelphia market of \$5.90 per hundredweight for August through September 1948, and \$6.30 per hundredweight for October through December 1948; and recommended for the New York market \$5.68 per hundredweight during August and September, \$6.12 during October through December, or a New York price for the August-December 1948 period the same as that provided by the Boston class I milk pricing formula (for 3.7 percent milk) minus 19 cents, whichever is higher.

Fruits and Vegetables.--USDA announced late in June an additional purchase of 9,582 tons of dried fruit. This purchase included 540 tons of dried apples at prices averaging \$288.24 a ton; 1,390 tons of dried apricots at prices averaging \$400.83 a ton; 864 tons of dates at prices averaging \$164.28 a ton....On June 23, CCC purchased 1,000.5 tons of whole dried figs at prices averaging \$189.28 a ton....In mid-July USDA recommended several proposed amendments to the marketing agreement and order regulating the handling of Tokay grapes grown in California. The proposals would: (1) authorize the establishment of minimum standards of quality and maturity; (2) revise the existing provisions for the issuance of exemption certificates under grade and size regulations; and (3) provide for the modification, suspension, or termination of grade and size regulations....The establishment of a Federal marketing agreement and order regulating the handling of dates grown in California was recommended in July by USDA. The proposal would provide for the establishment of minimum standards of quality and maturity.

Grain.--Purchases of 59,600,000 pounds of flour (1,261,000 bushels of wheat equivalent) for August delivery to east coast ports were made July 23 by the Commodity Credit Corporation....September grain export allocations totaling 1,131,000 long tons (43,017,000 bushels), including 35,377,000 bushels of wheat and flour (in wheat equivalent) and 7,640,000

bushels of barley and grain sorghums, were announced recently by USDA. Additional previously allocated movements of wheat and flour estimated at 160,000 tons will move commercially under licensing provisions announced by the Department of Commerce. This would bring September 1948 export totals to 1,291,000 tons (48,990,000 bushels) as compared to September 1947 totals (excluding non-allocated products) of 1,369,000 long tons (41,842,000 bushels)....Wheat price support at a nation average of \$2 a bushel to farmers for the 1948 crop has been announced by USDA. This is 90 percent of the July parity of \$2.22. The 1947 support rate was \$1.84 a bushel....USDA announced August 2 that price-support purchase agreements as well as commodity loans will be available to 1948 flaxseed producers. A loan rate of \$6 per bushel (U.S. No. 1 grade, Minneapolis basis) had been announced in April.

Livestock.--Export allocations of meat and meat products for the July-September quarter of 1948 were set at 12,120,000 pounds by USDA. This compares with last year's July through September allocation of 16,876,000 pounds. The American Republics, U. S. Government projects, and the Philippines are among the principal recipients....Protein feeds and mixed feeds will be subject to emergency export allocation during July-December 1948 period, USDA announced recently. Exceptions are certain low-protein feeds and mixed feeds containing 25 percent or less of protein which are under general license to the Philippines and Western Hemisphere countries.

Poultry.--The Economic Cooperation Administration and CCC have agreed to a plan whereby approximately 37,500,000 pounds of frozen whole eggs will be made available for export under the European Recovery Program. This supply of eggs represents the remainder of stocks purchased by CCC for 1947 price support purposes.

Sugar.--The determination of the amount of sugar needed for consumption in Puerto Rico for the 1948 calendar year has been lowered from 120,000 tons to 100,000. Larger inventories than had originally been established and lower consumption rates are causes for the action.... USDA recently set "fair and reasonable" wage rates for Sugar Cane workers in Florida during the period July 1, 1948, to July 30, 1949, to be paid by producers who apply for Government payments under the Sugar Act. Basic rates are set at 45 cents an hour for adult males, 38 cents for adult females and workers between 14 and 16 years of age, and 55 cents for tractor drivers and operators of mechanical loading or harvesting equipment.

Tobacco.--CCC loan rates ranging from 9 to 70 cents a pound on all grades of 1948 tied flue-cured tobacco, were announced in mid-July by USDA. The loans average 43.9 cents a pound in line with the price supports of 90 percent of parity set by law. The 1947 loan rate was 40 cents a pound. Rates on untied tobacco marketed in Georgia and Florida will be 4 cents a pound less than for tied tobacco marketed in other flue-cured producing States, this being a differential operative in 1947. Because of a 27 1/2 percent cut in acreage allotments, Department officials anticipate a smaller amount of tobacco to be placed under loan than the 17 percent total in 1947.

ABOUT MARKETING:

The following addresses, statements, and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

Addresses and Statements:

An Era of Good Living, by Charles F. Brannan, Secretary of Agriculture, at Fort Collins, Colo. June 18, 1948. 13 pp. (Mimeographed)

Cotton Makes a Comeback, by Charles F. Brannan, Secretary of Agriculture, at Dallas, Tex. July 22, 1948. 14 pp. (Mimeographed)

Statement on International Wheat Agreement, by Charles F. Brannan, Secretary of Agriculture. July 9, 1948. 2 pp. (Mimeographed)

Farm Programs Today, by Ralph S. Trigg, Administrator of PMA and President of the Commodity Credit Corporation, at Little Rock, Ark. June 18, 1948. 17 pp. (Mimeographed)

The Prospective Supply of Feeder Livestock, by C. L. McCulloch, Livestock Branch, PMA, at Cedar Rapids, Iowa. July 10, 1948. 5 pp. (Mimeographed)

Publications:

Miscellaneous Clover and Grass Seeds, 1919-1947: Acres Harvested, Yield per Acre, Production, Price, and Value of Production. (PMA) June 1948. 31 pp. (Mimeographed)

Carlot Shipments of Fresh Fruits and Vegetables, by Commodities, States, and Months--Calendar Year 1947. (PMA) May 1948. 32 pp. (Multilithed)

Digest of the Agricultural Act of 1948. (PMA) 4 pp. July 1948. (Mimeographed)

Marketing Northwestern Cherries and Apricots--1947. (PMA) June 1948. 15 pp. (Mimeographed)

Marketing Colorado, Nebraska, Wyoming Potatoes--1947-48. (PMA) June 1948. 15 pp. (Mimeographed)

Use of Tractor Power, Animal Power, and Hand Methods in Crop Production. (Bureau of Agricultural Economics) FM-69. July 1948. 32 pp. (Multilithed)

Fruits (Noncitrus)--Production, Farm Disposition, Value, and Utilization of Sales, 1889-1944. CS-27. May 1948. 106 pp. (Multilithed)

